

## INNOVATIVE DEVELOPMENT OF SOCIAL ENTREPRENEURSHIP IN SVERDLOVSK REGION<sup>25</sup>

**Abstract.** The article examines the innovative development of social entrepreneurship that is one of the most significant factor of modern economic development. The study makes recommendations on how to improve the efficiency of the institutional management of social entrepreneurship. In order to achieve the aim of our research, it has been developed typology and analytical review of practices of social innovations in Sverdlovs Region.

**Keywords:** innovations, social entrepreneurship, social innovations

### 1. Introduction

The innovative development of social entrepreneurship is becoming increasingly popular as a means of bringing together social and economic perspectives on development. The researching of the innovativeness of social entrepreneurs is becoming popular within the framework of social innovations concepts.

The topicality and relevance of the study's indicated area of expertise is confirmed by the increasing number of forums and conferences devoted to the problems of social innovation: the conference "Social Innovation Residency" in Canada, "Social Innovation Summit" in San Francisco; the regular thematic TACSI meetings in Australia, the Young Foundation in London; the Office of Social Innovation and Civic Participation in the White House in Washington, DC; the Ministry of Social Development and Social Innovation in British Columbia, and more. In this connection, an equally important consideration is the issue of institutional support for social innovations. It should be noted that the growing interest in this issue, both from the scientific community and from practitioners, might be called a global trend. On the one hand, there is an active increase in social inequality both at the global level and within individual countries, at the same time as an uneven distribution of the resources and budgetary constraints of developing countries, resulting in major changes, not only in the economic and social space, but also politically. On the other hand, the processes of globalisation facilitate the active dissemination of new methods and tools for solving social problems and their grafting into different areas as well as demonstrating the growth of involvement of citizens in the solution of global problems. All of this requires new institutional mechanisms of interaction of economic agents to address growing social problems [1, 2, 3].

### 2. Methodology

The development of the authors' multi-parameter classification of social innovations is based on the review of social innovation systematisation criteria shown in the previous section. The most important classification attributes, which permit social innovation to be grouped according to their functional characteristics, were identified on the basis of the review.

The first systematisation criterion consists in the degree of *state participation* for the purposes of monitoring the efficiency of social innovation financing. Here, *social innovations may be considered as:*

- state funded;

---

<sup>25</sup> Исследование поддержано Российским Государственным Научным Фондом, проект №16-32-00003

- privately funded: i.e. financed by commercial and non-profit organisations as well as individuals;
- Funded through a combination of public and private sources.

The second criterion consists in the *extent of the social innovation, which indicates the scope of its application. This factor is significant due to its characterisation of the scale effect of social innovations. Thus, social innovations may be considered at the:*

- organisational level [4];
- local level (urban, rural settlement, municipal);
- regional level (at the level of a selected region);
- national level (at the level of the country);
- international level (social innovation covering a certain number of countries) [2]

*The third criterion consists in the type of initiator: this parameter permits a characterisation of the social innovation in terms of its initiation type. Here, social innovations may be considered in terms of:*

- "top-down" innovations, initiated by the state or by organisations and institutions that stand higher in the hierarchy of power [5];
- "bottom-up" innovations, initiated by ordinary people, public-sector workers, public servants [6].

*The fourth criterion is the degree of novelty. Depending on the degree of novelty, social innovations can be divided into:*

- gradual social innovations (minor improvements to existing services, processes, institutions);
- radical social innovations (radical changes to existing services, processes, institutions);
- systemic social innovations (creation of a new system or a fundamental change to an existing system).

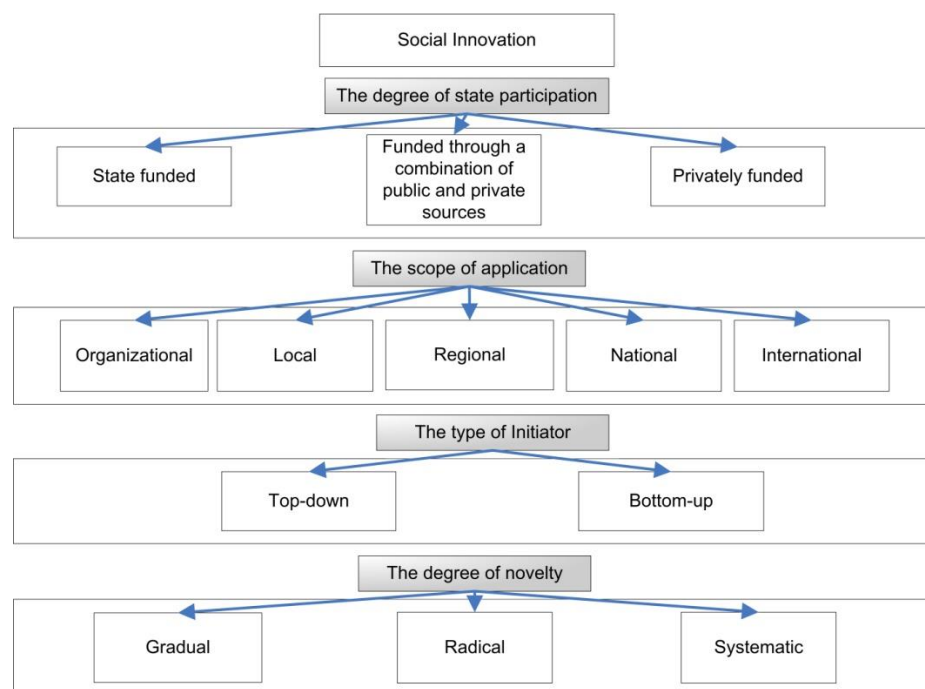


Figure 1.Criteria of the multi-parameter classification

Thus, four of the most important and fundamental attributes are identified, permitting us to consider social innovations in terms of their scale, state support, initiation type and degree of novelty [7]. These parameters make it possible to identify the place of social innovations in social space, thus forming a basis for forecasting their future influence on the public economic sector at international, national, regional, local, micro- and organisational levels.

The next step of the research procedure was the sampling of social innovations in terms of their popularity, efficiency and need across the study area. The list of social innovations was comprised of social innovations in Sverdlovsk region, which were covered by the media and included 14 items. The final stage of the research was the distribution of the social innovations in accordance with the previous criteria.

#### **4. Results and Discussion**

The procedure presented in the above paragraph was applied for analysis the social innovation distribution in Sverdlovsk region. Based on the results, social innovation gaps were identified and probable causes of these gaps suggested.

The authors have analysed only regional and local social innovations; therefore, there are no social innovations considered at the national and international levels.

It is necessary to note that the location of the innovations indicate the fact that all of them are supported by private sources of funding. Projects with partial government funding shows that institutional mechanisms of collaboration between government and private sector actors are at the rudimentary stage. In spite of many programmes at the regional and local levels, which are designed to develop the social sphere, only traditional methods are being used. At the same time, the special role of state and municipal departments in the process of formation of institutional conditions for socio-innovative development should be noted.

Another feature of Sverdlovsk region's social innovations is their one-off character. Due to their instigation at the initiative of individuals or businesses, they are only partially able to solve current social problems; the corresponding government projects also tend to be of a one-off nature.

All in all, it is possible to observe quite active work on the development and implementation of socially innovative projects; nevertheless, the process of implementation of social innovations requires regular the involvement of state and local governmental departments. Moreover, additional informational, legal and financial support is necessary. This not only affects the social development of the city, but also impacts on its economic development, which is crucial for Smart City development [8].

#### **5 Conclusion**

The conducted investigation for the purpose of the development of the theoretical-methodological positions of economic theory by means of the disclosure of the essence of innovativeness of social entrepreneurship, their analysis in connection with of Sverdlovsk region, and also the systematisation of social innovations, which ensure the social of the developments of cities, made it possible to obtain the following results.

Firstly, based on our review of the scientific literature, the multi-parameter systematization of innovative social entrepreneurship was developed, which contains the following criteria: extension; type of government funding; type of initiator and degree of innovation.

Secondly, a systematisation of innovative social entrepreneurship, which are distributed according to these criteria, allowed us to bring to light the regularities of social innovations in Sverdlovsk region.

In order to develop innovative social projects, we need provide the high standard of social development. This study shows that there are many socio-innovative initiations in Sverdlovsk region. Moreover, when considering the practical application of social innovations, it was found that, given correct implementation, these types of innovation can achieve good results. The

development of the institutional environment of social innovations is becoming one of the most significant factor for acquisition of Smart City status. It can be noticed that the infrastructure of supporting of business innovations are developing in Sverdlovsk region gradually; nevertheless, an additional design of new competitive institutions are required in order to support social projects directly.

### **Bibliography**

1. Martinus K. Can Public Space be a Platform for Social Innovation? A Study of Sannomiya, Kobe, Japan // Japan Social Innovation Journal. - No. 4. - 2014. - P. 44-54.
2. Попов Е.В., Омонов Ж.К., Кац И.С. Институционально-эволюционные особенности развития сектора общественных благ. Екатеринбург: Институт Экономики УрО РАН. - 2012.
3. Lounsbury M., Crumley E.T. New Practice Creation: An Institutional Perspective on Innovation // Organization Studies. - Vol. 7. - No. 28. - 2007. - P. 993-1012.
4. Popov E.V. Minieconomics as a Separate Part of Microeconomics // Atlantic Economic Journal. - Vol. 32. - No. 3. - 2005. - P. 133.
5. Tanimoto K. The emergent process of social innovation: multi-stakeholders perspective // Int. J. Innovation and Regional Development. - Vol. 4. - 2012. - P. 267-279.
6. Голубева А.А., Соколова Е.В. Инновации в общественном секторе: введение в проблему // Вестник Санкт-Петербургского университета. Серия 8: Менеджмент, - No. 4. - 2010. - P. 28-57.
7. Hollingsworth J.R. Doing institutional analysis: implications for the study of innovations // Review of International Political Economy, Vol. 7, No. 4, 2000. pp. 595-644.
8. Chalmers D. Social innovation: An exploration of the barriers faced by innovating organizations in the social economy // Local Economy. - Vol. 1. - No. 29. - 2012. - P. 17-34.
9. North D.C. Institutions and Economic Growth: An Historical Introduction // World Development, - Vol. 17. - 1989. - P. 1319-1332.
10. Глейзер Э.Л. Триумф города: как наше величайшее изобретение делает нас богаче, умнее, экологичнее, здоровее и счастливее // Экономическая социология. - Vol. 14. - No. 4. - 2013.
11. Moore M.H. Creating Public Value: Strategic Management in Government Cambridge. Massachusetts: Harvard University Press. - 1995.
12. Koch P., Cunningham P., Schwabsky N., Hauknes J. Summary and Policy Recommendations. Innovation in the Public Sector D20. Oslo: Publin. - 2005.
13. Koch P., Hauknes J. On innovation in the public sector. Oslo: Publin. - 2005.
14. Mulgan G., Tuckers S., Ali R., Sanders B. Social innovation: what it is, why it matters and how it can be accelerate London. - 2007. - P. 52.
15. Mulgan G. The process of social innovation // Innovations. - 2006. - P. 145-62.
16. Murray R., Caulier-Grice J., Mulgan G. The Open book of social innovation. London: The Young Foundation. - 2010.
17. Phils J. Rediscovering Social Innovations Stanford. - 2009.
18. LU A.D. Harnessing Social Innovation through Inclusive Thinking // Japan Social Innovation Journal - Val, 3. - No. 1. - 2013. - P. 56-61.
19. Heiscala R. Social innovations: structural and power perspectives // Social Innovations, Institutional Change and Economic Performance. - 2007. - P. 52-79.

20. Ксенофонтова Х.З. Модель социальных инноваций - фактор развития потенциала управленческого персонала // Известия Пензенского государственного педагогического университета им. В. Г. Белинского. - No. 24. - 2011. - P. 326-330.
21. Френц М. Л.Р. Открытые и закрытые инновации: сравнительные анализ национальных практик // Инновации и экономика. - Vol. 7. - No. 3. - 2008. - P. 16-31.
22. Pol E., Ville S. Social innovation: Buzz word or enduring term? // The Journal of Socio-Economics. - No. 38. - 2009. - P. 878-885.
23. McElroy W.M. Social innovation capital // Journal of Intellectual Capital. - Vol. 3. - 2002. - P. 30-39.
24. Cowen T. Public Goods and Externalities: Old and New Perspectives. In Public Goods and Market Failures: A Critical Examination. New Brunswick: Transaction Publishers. - 1992. - P. 1-26.
25. Попов Е.В. Теория институционального моделирования // Журнал экономической теории. - No. 4. - 2014. - P. 152-156.